Exhibit 54

Quarterly Compliance Report to the Board of Directors for 4Q2013

Bert Weinstein

Vice President, Corporate Compliance

January 16, 2014

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Compliance Summary for 4Q2013
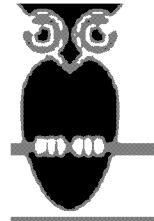
The Company continues to have good systems and processes in place committed to the prevention and detection of violations, with continuous attention to improvement.

There are no significant compliance violations to report

This Board Report highlights:

- Overall Company compliance results - GOOD
- A comparison of Purdue's compliance program to "new" CIA requirements
- Metrics–based Field Sales compliance results
- Four Compliance audits in 4Q13
- Sunshine Act readiness audit

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4Q13 Business Compliance Scorecard
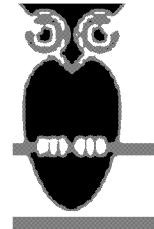
Company-Wide Compliance Scorecard,

- Updated each quarter with compliance data and results from all major business areas

- The expected Company standard for Compliance is targeted at a normative rating of 3, with upward and downward variance between 2.5 and 3.5 based on performance outside of expectations.

- YTD score is 3.16 thru Q3-2013, most recently available data.
  - This is in-line with previous year's scores (2010= 3.10; 2011= 3.09; 2012= 3.12)
  - Score based on sustained performance over a period of years, so that continued good performance year to year is recognized.

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Purdue's Compliance Program vs. "New" CIA Provisions
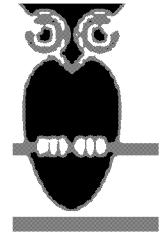
Pharmaceutical CIAs have continued to evolve since Purdue's 2007 CIA:

- The latest CIAs are much more complex, burdensome, and intrusive
- New CIAs reflect the government's drive for individual accountability
- Companies deemed to have an "effective compliance program" may receive special consideration, or not face prosecution, in the event of isolated violations – so it pays to keep up
- We review each new CIA (as well as other external sources), and consider whether to adopt new requirements into Purdue's compliance program

The following two slides show the extent to which many meaningful "new" CIA provisions have been incorporated into Purdue's compliance program

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Purdue's Compliance Program vs. "New" CIA Provisions
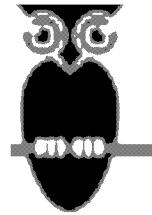
CIA Provision	Explanation	Purdue
Risk Assessment & Mitigation Processes	Formal process for identification and mitigation of compliance risks	Yes
Speaker Programs	Independent audits of speaker programs	Yes
Rep Ride-Alongs	Independent Ride-Alongs each year	Yes
Records Reviews	Reviews of records related to Representative interactions with HCPs	Yes
HCP Consulting	Audit specified numbers of HCP consulting arrangements annually	Yes
Publications	Written agreements with HCP-authors	Yes
Author, Researcher, and Consultant Disclosure Requirements	Authors required to disclose conflicts of interest	Yes

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Purdue's Compliance Program vs. "New" CIA Provisions

CIA Provision	Explanation	Purdue
Grant Activities	Independent grant review; no sales or marketing involvement	Yes
Reporting and Follow-up	Compliance to have access to all records for investigations and corrective action	Yes
Grants and donations	Public website posting of CME and healthcare grants	No
Reporting HCP payments	Reporting on company HCP spend	Yes
Executive Comp Claw-back	Forfeiture of incentive compensation by responsible executives	No
Compensation Restriction	Sales force not to receive incentive compensation based on Rx volume	No
Board/Manager Oversight	Quarterly Board/Management resolutions/certifications affirming oversight	No

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Field Sales Call Note Reviews
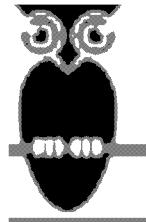
Call note reviews are a cornerstone of sales compliance, and all notes are reviewed for key words and randomly, within 30 days of each month's-end. The most recent data are for 3Q13:

Total Calls From Field	Reviewed by Compliance	% of Calls Reviewed	Minor, or No Findings	Major Findings	% Reviewed w/ Major Findings
245,096	25,825	10.54%	182	48	0.19%

531 total matters have been evaluated at our weekly Sales Discipline Committee meetings thru 3Q13:

Remediation	# / % Total
DM Coaching	381 / 72%
No follow up needed	63/ 12%
Warning Letter	48 / 9%
Coaching Letter	37 / 6%
Probation Letter	1 / 1%

Top 5 Issues Found	# / % Total
Product Indication Errors	174 / 33%
Products Discussed vs Reported	126 / 24%
Poorly Written Call Note	55 / 10%
Typos	54/ 10%
Cut & Paste	37 / 7%

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4Q13 Speaker Program Monitoring
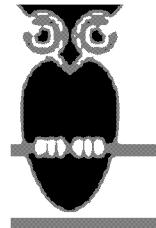
Speaker Programs are in government crosshairs

- Each Purdue program is reviewed by Field Sales monitoring form

- Independent monitors attend ~5% of programs, with selection based on speaker frequency or for cause

- Most common compliance issues by speakers: did not stay strictly on label and/or follow approved slide deck. Remediated through letters to attendees, corrective speaker training, and dismissal of speakers for repeated lapses. Level of risk is low given our remedial and oversight actions.

Year	Total Programs	Programs with Compliance Issues	% of Programs with Compliance Issues
2011	968	6	0.62%
2012	1290	12	0.93%
2013	732	3	0.41%

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Speaker Program Issues and Actions
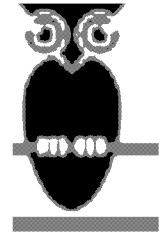
Additional Speaker Program Issues:

- Attendees at multiple programs
    - In 2014, new SOP to limit attendees to no more than 2 programs per product per year
- High numbers of "walk-in" attendees
    - No non-prescriber walk-ins in 2014; stricter pre-registration and pre-approval
    - Prescriber walk-ins must be known to rep and/or appropriate specialty
    - Pre-registration requirements to limit inappropriate attendees
- Rep failure to follow speaker program SOPs
    - Additional training mandated for all representatives
    - Refresher training prior to hosting each speaker program

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4Q13 Field Contact Reporting
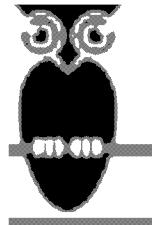
Ride-Alongs and their Field Contact Reports are the best means for DMs to monitor and correct sales representative performance in the field, including compliance

- Minimum of 2 days of evaluation quarterly for each Representative

- Compliance continuously monitors FCRs for compliance issues

- For full year 2013:

  - Sales force average exceeds SOP requirements

  - Compliance issues reported by DMs in FCRs are overwhelmingly administrative in nature (e.g., late-entered call notes, late expense reporting), and not of a substantive nature

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4Q13 Compliance Audits
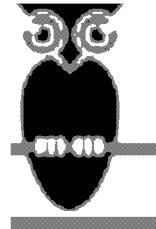
Topper's Audit

- To assess the potential that the Annual Topper's Contest might incentivize the Sales Force to inappropriately promote products
- No negative findings – no correlation

Medical Information Requests

- To provide a level of assurance that inquires received by Medical Services were not solicited and/or confirm whether or not improper promotion may have occurred by Sales Representatives
- No negative findings – no correlation

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4Q13 Compliance Audits
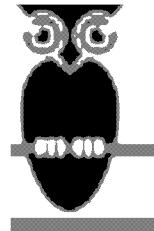
HCP Financial Relationships vs. HCP Prescribing

- To assess whether there is a relationship between HCP prescribing of Purdue product, and any financial compensation received from Purdue (e.g.,consulting services, speaker programs)
- No negative findings – no correlation

Material Review

- To assess the validity of the expired status of materials in the APRIMO system
- Audit still in progress – preliminary results indicate that ~5% of materials are expired, but still in use; this will be reported fully upon completion

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3ʳᵈ Party Audit: Sunshine Act Readiness
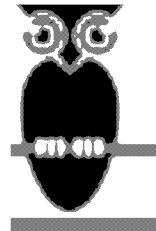
Navigant Consulting Audit – engaged by IAF for a two-part audit of Purdue's "Whole$um system for Sunshine Act reporting:

- <u>3Q Systems Audit Report</u> – Overall Rating: "Meets Requirements, Minor Issues Noted," with most issues addressed already
- <u>4Q Transactions Audit Report</u> – Overall Rating: "Satisfactory, Major & Minor Issues Noted With Low Probability Of Risk"
  - Whole$um system is working appropriately
  - Field Sales documentation needs improvement; training conducted at 4Q Managers' Meeting and Representative training to be done at National Sales Meeting
  - No significant complaince risks
    - Minor issues around PhRMA Code compliance
    - Minor Sales SOP violations

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